

chartered banks, in so far as such gold has been held against their liabilities within Canada, are to accrue to the Dominion government. Similarly, the government will secure any profit that may result from the revaluation of the gold which has been held as security against dominion notes, and which is transferred to the Bank of Canada. From time to time in the future also the governor in council is authorized to require every chartered bank or every other person to transfer to the bank any or all gold coin or bullion held in Canada which is owned by such chartered bank or such other person.

Appropriate provisions will be found in the bill for shareholders' audit of the bank and such further audit and inspection by the Inspector-General of Banks or by outside auditors as the Minister of Finance may deem to be desirable.

Provision is also made for weekly, monthly and annual reports.

The bank is to be required to establish a rest fund and any surplus earnings after meeting charges of management, depreciation of assets, et cetera, and after payment of accumulated dividends at six per cent are to be applied as follows:

One-third of such surplus shall be transferred to the rest fund and the residue to the consolidated revenue fund if the rest fund of the bank is less than the paid-up capital;

One-tenth of the surplus to the rest fund and the balance to the consolidated revenue fund if the rest fund is as large as but less than twice the paid-up capital; and

All the surplus earnings to the consolidated revenue fund when the rest fund is equal to twice the paid-up capital.

In conclusion, I desire to assure the house that the government has given careful thought and study to the drafting of this bill. At the same time, in submitting it to the banking and commerce committee, it invites that committee to give it the most careful examination and scrutiny, and if in its judgment any amendments can be made which will be designed to accomplish more fully the purposes of the measure or to strengthen its provisions, they will be not unwelcome.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the motion which is under consideration is one to enable the Minister of Finance (Mr. Rhodes) to introduce a bill establishing a central bank in Canada. As foreshadowed in the speech from the throne, the central bank measure will in all probability be the most important bill to be introduced at this session

[Mr. Rhodes.]

of parliament and, as the minister himself has just said, one of the most important measures ever introduced into the House of Commons of Canada.

At this preliminary stage of the introduction of the bill, it is not to be expected that any debate whatever will take place. The minister was not only justified but wise in giving, as he has done, at the earliest moment possible, a very full explanation of the main provisions and features of the bill. The country has been waiting, as well as this parliament since it assembled, for the measure to be introduced. From what the minister himself has said this afternoon it will be apparent that the provisions of the bill are so many, so important and so far-reaching that it would be most unwise to attempt any criticism or comment upon them until hon. members of the house have the bill in its entirety before them and are able to weigh the value of the different provisions in relation to each other.

I would like, however, to make perfectly clear the attitude of the official opposition with regard to the measure now being introduced. The bill is one for the establishment of a central bank. I need not repeat that we on this side of the house have for some time past been advocating that a central bank should be established in Canada. We have been urging the government to enact such a measure. I must commend the Minister of Finance and the government on having accepted—

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: —a suggestion from this side of the house at last. Yes, and may I point out, it is a constructive suggestion that has been acted upon. They are adopting a measure which is recognized now on all sides as being essential in the development of our banking system in this country.

Speaking on the 27th of February last, just a year ago this week, I made very clear in this house the position not only of the official opposition, but of the Liberal party as such on the question of a central bank and I would like now to repeat the words then used. The statement was made at a time when I was presenting the position of the Liberal party with respect to some present day problems. At that time, speaking of banking, credit, and currency, I said:

Liberalism believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment of a properly constituted national central bank, to